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October 9, 2008

Jacqueline Marcus, Esq.
Weil Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153

Re: Federal Home Loan Mortgage Corporation Funds Transfers

Dear Jackie:

As you know, we represent the Federal Home Loan Mortgage Corporation ("Freddie Mac"), which is now in conservatorship under the Federal Housing Finance Agency ("FHFA") pursuant to 12 U.S.C. § 4617(a)(2). We write because we require certain information requested in an e-mail dated September 29, 2008, and in telephone conversations last week with you and your colleague, Jessica Cunningham, regarding two transactions between Lehman Brothers Holdings Inc. ("LBHI") and Freddie Mac. To date, neither you nor your colleague has provided the information we have requested.

Freddie Mac entered into two separate transactions for the transfer of funds to LBHI that were brokered through Tullet Prebon. The first transaction was executed on August 19, 2008 for \$450,000,000, and the second transaction on August 20, 2008 for \$750,000,000, for 27- and 26-day terms respectively at a "fed funds" rate. We believe that the funds were transferred through the Federal Reserve System from Freddie Mac's account at the Federal Reserve Bank of New York ("FRBNY") to LBHI's subaccount with Citibank at the FRBNY. LBHI was scheduled to repay the funds, with interest, early on September 15, 2008. Freddie Mac has not received payment, nor has it been able to obtain any information concerning these transactions. We note that Freddie Mac was not listed among LBHI's 30 largest creditors in LBHI's September 15 bankruptcy petition.

Jacqueline Marcus, Esq.

2

October 9, 2008

We have been advised that it is imperative that Freddie Mac and its Conservator obtain full responses to our requests concerning these payments. Therefore, please advise:

- Did LBHI segregate Freddie Mac's funds for repayment to Freddie Mac, and if so, in which account? If funds were segregated, please inform us where these funds are located now, and whether and when they were removed from the account where they were initially placed for payment to Freddie Mac.
- Were funds sufficient to repay Freddie Mac in LBHI's subaccount(s) with Citibank at the FRBNY, or in any such subaccount with any other bank, between September 12 and September 15, 2008? During that period, were any funds transferred from any such account(s) to any party other than LBHI, and if so, when?
- Did LBHI issue wire instructions to Citibank, any other bank, Freddie Mac or any other party for the repayment of either or both of the transactions? If so, please provide copies of the instructions and please advise: 1) when did LBHI issue the instructions; 2) what date and time was designated for the transfer of the funds for the repayment to Freddie Mac; 3) what was the sender's account information; 4) what beneficiary/recipient name and account information was provided; and 5) which individuals within LBHI and/or Citibank were involved in the foregoing actions?
- If LBHI provided wire instructions to any institution, did it receive notice that these instructions were accepted or rejected? If rejected, is LBHI aware of the reason(s) for rejection?
- Did LBHI issue to any institution a request to cancel or amend the wire instructions for Freddie Mac's funds, and if so: 1) when did it make that request; 2) what was the substance of that request; 3) was the request accepted or rejected; 4) what were the reasons for acceptance or rejection; and 5) which individuals within LBHI and/or Citibank or any other institution were involved in the foregoing actions?
- If LBHI claims that repayment was made, please provide any information to support that position.
- Please provide us with all documentation reflecting any of the transfers or instructions.

Jacqueline Marcus, Esq.

3

October 9, 2008

Freddie Mac and the FHFA require full responses to this letter by the close of business tomorrow, October 10, 2008. We believe it is incumbent upon you and your client to provide the foregoing information voluntarily, completely and quickly. While Freddie Mac would prefer not to have to seek this information through judicial means, we have been advised that Freddie Mac and its Conservator will do so if necessary.

Very truly yours,

A handwritten signature in black ink that reads "Karen E. Wagner / J.E.M." The signature is written in a cursive, flowing style.

Karen E. Wagner

By Hand Delivery and E-Mail

cc: Alfred M. Pollard
General Counsel
Federal Housing Finance Agency